

Message Text

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 COME-00 EB-07 LAB-04 SIL-01 OMB-01 TRSE-00
CEA-01 IO-13 HEW-04 FRB-03 /092 W
-----047108 222150Z /63

R 221815Z JUN 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 9266

C O N F I D E N T I A L SECTION 01 OF 02 BONN 10440

E.O. 11652: GDS
TAGS: EGEN, ELAB, GW
SUBJ: VISIT TO BONN OF SECRETARY OF LABOR MARSHALL
AND CEA CHAIRMAN SCHULTZE

REF: BONN 10271

1. IN ADDITION TO THEIR MOST PROFITABLE PARTICIPATION
IN THE KONRAD-ADENAUER-STIFTUNG SEMINARS (BONN,
COLOGNE THE VISITS OF SECRETARY MARSHALL TO BONN
ON JUNE 14-15 AND CEA CHAIRMAN SCHULTZE ON JUNE 15-17
OFFERED OCCASIONS FOR THEM TO MEET WITH COUNTERPARTS
AND SENIOR GERMANS FOR A FRUITFUL EXCHANGE OF VIEWS.
2. SECRETARY MARSHALL MET WITH GERMAN LABOR SECRETARY
HERBERT EHRENBERG, WHO INVITED HIM FOR LUNCH AND A
DETAILED DISCUSSION OF SEVERAL CRITICAL ISSUES FACING
THE FRG AND OTHER COUNTRIES.
3. THEY DISCUSSED MANY COMMON PRIORITY PROBLEMS,
INCLUDING EMPLOYMENT STRATEGY, MEASURES TO DEAL WITH
YOUTH UNEMPLOYMENT AND TRAINING, THE EFFORTS TO
RESTORE THE FINANCIAL VIABILITY OF SOCIAL SECURITY
SYSTEMS, THE ILO, THE US RATIFICATION OF THE FRG-US
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SOCIAL SECURITY AGREEMENT, AS WELL AS THE FOREIGN
WORKERS AND ILLEGAL ALIENS PROBLEM.

4. MARSHALL AND EHRENBERG ESTABLISHED RAPPORT QUICKLY
AND HAD AN UNUSUALLY STIMULATING DISCUSSION ON THESE
IMPORTANT TOPICS WHICH PLAY A ROLE IN BOTH THE FRG
AND THE US. EHRENBERG MADE A SPECIAL POINT OF

APPEALING TO SECRETARY MARSHALL FOR THE US TO REMAIN IN THE ILO. IF THE US LEAVES THE ILO, EHRENBURG SAID, THIS ACTION WILL HAVE A PROFOUND NEGATIVE AFFECT ON THE STRUGGLE OF OTHER DEMOCRATIC COUNTRIES SUCH AS THE FRG, NOT ONLY IN THE ILO BUT IN OTHER INTERNATIONAL ORGANIZATIONS. EHRENBURG ALSO INDICATED THE FRG'S STRONG INTEREST IN THE US EXPEDITING THE RATIFICATION OF THE FRG-US SOCIAL SECURITY AGREEMENT SIGNED IN WASHINGTON IN JANUARY 1976.

5. IN SPITE OF THE CONCURRENT CRUCIAL TAX DEBATE AND GERMAN/FRENCH SUMMIT MEETING, DR. SCHULTZE HAD EXTENDED SESSIONS WITH SPD FOREIGN MINISTRY MINISTER OF STATE VON DOHNANYI, CHANCELLERY ECONOMIC ADVISER HISS, AND CSU CHAIRMAN FRANZ-JOSEF STRAUSS. DR. SCHULTZE'S MEETINGS WITH VON DOHNANYI AND HISS ENABLED HIM TO PRESENT AGAIN AMERICAN THOUGHTS ON THE DESIRABLE DIRECTION OF ECONOMIC POLICY IN OUR TWO COUNTRIES. HE ALSO EXPLORED IN DEPTH A NUMBER OF GERMAN INSTITUTIONAL PROBLEMS, WHICH ALLEGEDLY MAKE IT DIFFICULT FOR THE FRG TO DEAL MORE RAPIDLY OR MORE EFFECTIVELY WITH THE PROBLEM OF GROWTH, UNEMPLOYMENT, AND THE CURRENT ACCOUNT SURPLUS. DR. SCHULTZE WAS ALSO ABLE TO CONTINUE HIS DISCUSSION OF THESE PROBLEMS WITH ASSISTANT SECRETARY TIETMEYER OF THE ECONOMICS MINISTRY, WHO HAD REPRESENTED THE FRG AT THE EPC
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C O N F I D E N T I A L SECTION 02 OF 02 BONN 10440

MEETING IN PARIS AND WHO WAS PRESENT AT THE AMBASSADOR'S DINNER ON JUNE 15. NOT SURPRISINGLY, ALL OF HIS GERMAN INTERLOCUTORS PRESENTED THE USUAL REASONS WHY THE FRG COULD NOT DO ANYTHING IMMEDIATELY WITH RESPECT TO THESE ISSUES.

6. SCHULTZE WAS ALSO ABLE TO HAVE A LENGTHY DISCUSSION WITH BUNDESBANK PRESIDENT EMMINGER AND DEUTSCHE BANK CO-PRESIDENT GUTH AT THE AMBASSADOR'S DINNER ON INTERNATIONAL MONETARY MATTERS AND PARTICULARLY ON PRIVATE BANK LENDING FOR BALANCE OF PAYMENTS SUPPORT.

7. SCHULTZE'S 1 1/2 HOUR VISIT WITH FRANZ-JOSEF STRAUSS EXPOSED HIM TO STRAUSS' KNOWN POLITICAL VIEWS AND STRONG POWER OF ELOCUTION.

8. COMMENT: WE ARE PERSUADED THAT DR. SCHULTZE'S CONVERSATIONS IN BONN WERE MOST USEFUL IN REAFFIRMING IN A FIRM BUT LOW-KEY MANNER US CONCERNS OVER THE WAY THE GERMAN DOMESTIC ECONOMY AND EXTERNAL ACCOUNTS ARE DEVELOPING. WE SEE NO EVIDENCE OF ANY IMMEDIATE CHANGE
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IN GERMAN VIEWS, BUT WE CAN HOPE THAT, OVER TIME, SUCH EXPRESSIONS OF CONCERN WILL HAVE SOME EFFECT ON GERMAN THINKING AND GERMAN POLICY.

9. WE ARE GRATEFUL TO SECRETARY MARSHALL AND CHAIRMAN SCHULTZE FOR TAKING SO MUCH OF THEIR TIME TO CONTRIBUTE TO THE GERMAN/US DIALOGUE.
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